

The Star : Interest rates rise proposed

Written by Administrator

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KUALA LUMPUR: Licensed moneylenders have called for an increase in interest rates, saying that the current 18% is making it hard for them to make a profit.

Malaysian Licensed Moneylenders Association founder president R.S. Veeraseelan said he rates had not changed since the Moneylending Act came into being in 1951.

I hope the ministries involved will conduct a study on how best they can help us. We will not dictate the percentage, this is up to the Government to decide.

This is not only to make profit, but it is to cater to the high risk group (bad debtors) as well. We (too) need some form of security,

he told a press conference called by MCA Public Complaints and Services Department head Datuk Michael Chong.

He said the 18% rate now was still much lower than rates being demanded by Ah Longs, which could be up to 40% per month.

Veeraseelan said their business carried risks as three out of 10 borrowers failed to pay back.

Chong expressed concern about families of borrowers who were harassed by Ah Longs.

He asked the association to check if any of their members were guilty of such action.

Veeraseelan said the association viewed the harassment issue seriously.

We believe our members do not resort to such tactics. Nevertheless, we will check. If they have, then necessary action will be taken,

he said.

There are about 3,200 licensed money-lending companies in the peninsular